

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-02

USIA-15 PRS-01 SP-02 OMB-01 TRSE-00 STR-04 SIL-01

LAB-04 AID-05 DOTE-00 EB-07 FMC-02 CG-00 OFA-01

DLOS-04 /067 W

----- 009095

R 021003Z FEB 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 4615

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMCONSUL DHAHRAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

USINT BAGHDAD

UNCLAS KUWAIT 0539

E.O. 11652: N/A

TAGS: EALR, EWWT, KU

SUBJECT: KUWAIT PORT DEVELOPMENT: STATUS REPORT

REF: 75 KUWAIT 5210, 75 KUWAIT 4808,

SWBMARY: EMBASSY HAS LEARNED THAT KUWAIT'S PORT FACILITIES
ONCE AGAIN EXPERIENCING CONGESTION PROBLEMS. DELAYS NOW
STAND AT 17-25 DAYS FOR THE 62 SHIPS WAITING IN KUWAIT HARBOR
TO UNLOAD CARGO. REASONS FOR CONGESTION: LOSS OF BEIRUT, PORT,
CONSTRUCTION WORK AT PORT'S WESTERN EXTENSION, AND INCREASE
IN TRANSIT CARGO, IN PARTICULAR FOR IRAQ, WHERE DELAYS IN
SENDING TRUCKS TO TRANSIP CARGO HAS CLOGGED STORAGE AREAS.
GOK HAS DECIDED TO PROHIBIT, AFTER FEBRUARY 15, THE UNLOADING
OF TRANSIT CARGO EXCEPT FOR DIRECT DELIVERY BY TRUCK TO
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ULTIMATE DESTINATION. END SUMMARY.

1. EMBASSY HAS LEARNED FROM PRESS REPORTS AND FROM DISCUSSIONS WITH TWO KUWAIT SHIPPING AGENCIES AND PORT AUTHORITIES THAT KUWAIT'S MAIN CARGO PORT AT SHUWEIKH IS ONCE AGAIN ENCOUNTERING SERIOUS CONGESTION PROBLEMS: WAITING TIME HAS SHOT UP FROM THE PRE-CHRISTMAS LOW OF 7-8 DAYS TO ANYWHERE FROM 17 TO 25 DAYS. SHIPS CARRYING KUWAIT-BOUND CARGO NOW NUMBER 62, WITH 43 MORE WAITING FOR PROVISIONING.

2. AGAIN, THERE APPEARS TO BE SEVERAL REASONS FOR CONGESTION. PRESS REPORTS INDICATE THAT LOSS OF BEIRUT PORT, CLOSED DUE TO POLITICAL TROUBLES THERE, HAS PUT AN ADDED STRAIN ON KUWAIT'S PORT FACILITIES. FACILITIES THEMSELVES, MOREOVER, ARE EXPERIENCING PROBLEMS. WHILE PORT AUTHORITIES ARE ABLE TO USE THE 11 BERTHS INSTALLED AS PART OF THE WESTERN EXTENSION EXPANSION PROGRAM ON A DAY-TO-DAY BASIS, CONSTRUCTION OF STORAGE FACILITIES, CRANES, AND OTHER FACILITIES MAY FROM TIME-TO-TIME PUT THE BERTH OUT OF COMMISSION. THIS IS WHAT IS CURRENTLY HAPPENING: 5 BERTHS ARE UNUSABLE IN ANY FORM DUE TO CONSTRUCTION ACTIVITIES.

3. ANOTHER REASON FOR CONGESTION (RESPONSIBLE, ACCORDING TO ONE OBSERVER'S ESTIMATE, FOR UP TO 15 PERCENT OF CONGESTION) IS RAPID INCREASE IN TRANSIT CARGO DESTINED FOR SAUDI ARABIA AND ESPECIALLY IRAQ. SAUDI AND IRAQI IMPORTERS ARE TRYING TO GET AROUND SERIOUS CONGESTION PROBLEMS AT BASRA, DAMMAM, AND JIDDA. CONSEQUENTLY, UP TO 30 PERCENT OF CARGO NOW IN STORAGE AREA OR STILL ON BOARD SHIPS IN THE COUNTRY IS BOUND FOR THESE AND OTHER DESTINATIONS.

4. CONGESTION PROBLEM ARISE, ACCORDING TO ONE SOURCE, BECAUSE OF WHAT IS BASICALLY THE BUREAUCRATIC APPROACH OF IRAQ TO SHIPPING MATTERS. IRAQ'S IMPORTERS, FOR THE MOST PART GOVERNMENT AGENCIES, HAVE BEEN SLOW IN SENDING DOWN TRUCKS TO CLEAR IRAQI CARGOES FROM LOADED STORAGE FACILITIES. AS A RESULT, THE AREAS BECOME CLOGGED WITH CARGO AND UNLOADING OF SHIPS IS DELAYED. ONE SHIPPING AGENT REP NOTED THAT, THOUGH

TRANSIT CARGO FOR SAUDI ARABIA HAS ALSO INCREASED, THERE THE SAUDI IMPORTER IS A PRIVATE BUSINESSMAN WHO, FROM LONG EXPERIENCE, UNCLASSIFIED

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IS FAMILIAR WITH KUWAIT'S PORT PROCEDURES AND WHO, THEREFORE, CAN CLEAR TRANSIT CARGO (MUCH OF WHICH IS SMALL PACKAGES EASILY TRANSPORTABLE BY TRUCK) VERY QUICKLY. IN THE IRAQI CASE, HOWEVER, CARGO IS GENERALLY BULKIER, AND THE IRAQI GOVERNMENT IS FAR LESS KNOWLEDGEABLE IN KUWAIT'S PRACTICES (REP OBSERVED THAT IN ONE CASE, GOI AGENCY RESPONDED TO TELEX ON RECEIPT OF CARGO SHIPMENT IN KUWAIT DESTINED FOR IRAQ WITH A REQUEST FOR ITS LETTER OF CREDIT NUMBER, INFORMATION NOT NORMALLY AVAILABLE TO

SHIPPING AGENT). THEREFORE, REP NOTED, LONG DELAYS HAD BEEN EXPERIENCED IN GETTING THE IRAQIS TO ARRANGE FOR TRUCKS TO RECEIVE THEIR GOODS, EVEN THOUGH AN IRAQI TRUCKING FIRM OPERATES IN KUWAIT.

5. IN ORDER TO DEAL WITH THIS PARTICULAR ASPECT OF PORT CONGESTION PROBLEM, GOK PORT AUTHORITIES HAVE ANNOUNCED THAT TRANSIT CARGO WOULD NOT BE ACCEPTED AT PORT UNLESS ARRANGEMENTS FOR PRIVATE STORAGE OR FOR DIRECT DELIVERY WERE MADE BEFOREHAND. THE ACTUAL ORDER (SHOWN TO EMBOFF BY SHIPPING AGENCY REP) IS AS FOLLOWS: QUOTE A) FROM 15 JANUARY, 1976 ALL CARGO MARKED TRANSIT MUST BE TAKEN OUT OF PORT AREA EITHER TO PRIVATE STORAGE AREAS APPROVED BY CUSTOMS OR BY TRUCK DIRECT TO ITS ULTIMATE DESTINATION. B) FROM FEBRUARY 15TH, ALL SHIPS DISCHARGING AT KUWAIT ARE NOT ALLOWED TO DISCHARGE ANY TRANSIT CARGO, EXCEPT WHEN TRANSIT CARGO IS TAKEN BY DELIVERY AND MUST BE STOWED, WHICH MEANS THAT TRANSIT CARGO SHOULD BE SEPARATELY STOWED NOT TO OBSTRUCT THE UNLOADING OF KUWAIT CARGO. C) CARGO MUST BE SEPARATE "IN TRANSIT" MANIFEST. END OF QUOTE.

6. EMBASSY UNDERSTANDS THAT GOK HAD GIVEN SOME INDICATION OF ITS CONCERN RE TRANSIT CARGO AS EARLY AS OCTOBER 15 OF LAST YEAR. THE SHIPPERS DID NOT HEED WARNINGS HOWEVER AND THE GOK DECIDED ON JANUARY 3 TO BAN THE LANDING OF TRANSIT ALTOGETHER AFTER 24 HOURS. AFTER STRONG PROTESTS FROM SHIPPERS, WHICH INCLUDED A MEETING OF REPRESENTATIVES OF 15 FIRMS WITH KUWAIT CHAMBER OF COMMERCE AND INDUSTRY, GOK RELENDED SOMEWHAT. AS A TEMPORARY MEASURE IT ALLOWED THE UNLOADING OF UP TO 150 TONS PER SHIP OF TRANSIT CARGO FOR TRANSFERENCE BY PORT TRUCKS AND WORKERS TO PRIVATE STORAGE AREAS OUTSIDE THE PORT ITSELF, UP TO FEBRUARY 15, AND ALLOWED THE UNLOADING OF CARGO FOR DIRECT DELIVERY TO PRIVATELY HIRED TRUCKS AFTER THAT.

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6. COMMENT: IT IS UNCLEAR WHEN CURRENT CONGESTION PROBLEMS WILL SUBSIDE. PROBLEM IS CAUSED IN PART BY OUTSIDE FACTORS OF UNCERTAIN DURATION--CLOSURE OF BEIRUT PORT, EASING OF CONGESTION IN OTHER PORTS, FLUCTUATIONS AND SURGES IN EUROPE-MIDDLE EAST SHIPPING ROUTES SINCE THE RE-OPENING OF THE SUEZ CANAL. INsofar AS CONTINUED WESTERN EXTENSION CONSTRUCTION IS CONCERNED, COMPLETION IS NOT EXPECTED UNTIL EARLY 1977, SO IT IS POSSIBLE THAT BERTHS WILL CONTINUE TO BE DENIED TO PORT AUTHORITIES. FINALLY, GOK IS CONFIDENT THAT, ONCE SHIPPERS ARE AWARE OF NEW TRANSIT CARGO REQUIREMENTS AND CAN PLAN AHEAD FOR THEM, THIS ASPECT OF PROBLEM WILL IMPROVE. EMBASSY BELIEVES THAT MID-FEBRUARY EARLIEST DATE THAT CONGESTION CAN BE RELIEVED. WHOLE EPISODE ILLUSTRATES BOTH THE EXTENT TO WHICH KUWAIT'S PORT HAS BECOME A REGIONAL REFUGE FROM

CONGESTION PROBLEMS IN THE GULF, AND THE DIFFICULTIES THIS
PROCESS IS CAUSING THE KUWAITIS IN COPING WITH THEIR OWN

BURGEONING PORT DEMANDS.
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